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S.V.

Associate



Little Long Lac Gold Mines Limited

# Barnat Mines Ltd.

(No Personal Liability)

## Annual Report

For the year ended December 31,  
1961





# Barnat Mines Ltd.

(No Personal Liability)

## OFFICERS

Robert C. Stanley, Jr.	-	-	-	-	-	-	<i>President</i>
J. George Boeckh	-	-	-	-	-	-	<i>Vice-President</i>
Miss B. A. Argo	-	-	-	-	-	-	<i>Secretary</i>
A. J. Symons	-	-	-	-	-	-	<i>Comptroller</i>

## DIRECTORS

John C. L. Allen  
S. J. Bird  
J. George Boeckh  
P. K. Hanley  
Robert C. Stanley, Jr.

## TRANSFER AGENTS

Chartered Trust Company  
Toronto, Ont. and Montreal, Que.

## AUDITORS

Gunn, Roberts and Co.  
Toronto, Ont.

## EXECUTIVE OFFICE

602 - 199 Bay Street, Toronto, Ont.

# Annual Report

For the Year Ended  
December 31, 1961



# Barnat Mines Ltd.

(No Personal Liability)

## REPORT OF THE DIRECTORS TO THE SHAREHOLDERS:

Your Directors are pleased to present the Annual Report and Financial Statements for the fiscal year ended December 31st, 1961, together with the Auditors' Report thereon.

The greatly improved earnings of your Company are fully reflected in the accompanying Financial Statements. Full provision was made in the amount of \$255,039.75 (including accrued interest) for the redemption of all outstanding Debenture Notes which became due December 31st, 1961.

The outstanding feature of operations during the period under review was the conversion by the year-end to a large tonnage producer with attendant lower unit costs, higher efficiency, and greater earning power. The average daily tonnage of ore treated rose from 1,217 tons per day in 1960 to 1,666 tons in 1961.

Exploration and development undertakings during 1961 are outlined in the Report of the General Manager. As the result of the work carried out, the developed ore reserves have shown an appreciable increase of 365,359 tons after milling 608,063 tons. The grade of the ore reserves have, for reasons stated in the General Manager's report, shown somewhat of a decrease.

Your Company retains its interest in Wasamac Mines Limited. With respect to the possibility of re-opening the mine, studies are being made of all technical data and records compiled by the previous management prior to the mine being closed in 1950. New evaluations must take into account much higher present-day costs in relation to the "still \$35.00" per ounce fixed price for gold. When a decision has been reached whether or not to re-open the mine, shareholders will be advised.

The Directors wish to express their appreciation to Mr. T. V. Nethery, General Manager, the Staff and all Employees for their loyal and efficient services during the year.

Respectfully submitted,

On behalf of the Board,

ROBERT C. STANLEY, JR.,

President.

April 30, 1962.

# Barnat Mines Ltd.

(No Personal Liability)

The President and Board of Directors,  
Barnat Mines Ltd.,  
Suite 602 - 199 Bay Street,  
Toronto, Ontario.

Norrie, Quebec,  
February 22nd, 1962.

Dear Sirs:

I submit herewith a report on the operations of your Company for the fiscal year ended December 31st, 1961:

## PRODUCTION:

There was a gradual but steady increase in daily mill tonnage during the year as more milling capacity became available at the Malartic Gold Fields Limited customs mill. Of the 608,063 tons (1,666 per day) milled, 358,950 tons (983 per day) were treated at Malartic Gold Fields and the remaining 249,113 tons (683 per day) at Barnat's own mill. The 683 tons daily treated by Barnat represents a further improvement over last year's 646 and 574 in 1959.

A higher rate of dilution than expected from greenstone above the upper porphyry and a decision to mine lower grade sections of the zone decreased the value of mill feed during the latter part of the year.

## DEVELOPMENT:

Level development by drifting and crosscutting was held at about the same rate as in 1960. Footage in 1961 was 2,863 compared to 2,791 in the previous year.

To keep the mine in good shape for future tonnage commitments a somewhat heavier program of stope development was maintained throughout the year.

In this category there were 7,349 feet of sub-drifting and 5,381 feet of raising completed in the year. Blast hole drilling footage of 289,227 kept pace with current mining requirements.

Diamond drilling decreased from 56,961 feet in 1960 to 46,777 feet.



## **ORE RESERVES:**

Development work within the Porphyry Zone has shown that some low grade sections are more extensive than was previously indicated. While this work has added appreciably to the positive, developed ore reserve, the net result has been a lowering of the average grade of this reserve. At December 31st, 1961 ore reserves were estimated at 1,714,572 tons having an average grade of 0.12 ounces per ton or \$4.20 at \$35.00 gold.

## **EXPLORATION:**

Exploration of the upper levels of the mine on the eastward extension of the porphyry zone on the 525 foot level, has located some small diorite ore bodies that will be explored further in 1962.

The exploration drift on the 1,575 foot level was completed to the west boundary. Diamond drilling from this base to date has confirmed a small porphyry ore body, close to the boundary and has located some small bodies of diorite ore immediately to the east of the porphyry. This drilling program will be continued for the coming year.

## **GENERAL:**

During 1961 the Company disbursed to its employees in salaries and wages a total of \$894,239.69. An amount of \$660,813.67 was expended for supplies, electric power and capital expenditures.

An automatic oil-fired boiler was purchased and installed at the mill to replace the obsolete coal-fired unit. A service section was added to the mill building to house this unit as well as the compressors and vacuum pumps previously scattered throughout the mill.

The new ammonium nitrate and oil mixture is being used extensively in all underground blasting and has resulted in further economies in improving unit operating costs. The application of the new product is illustrated in accompanying photographs.

I wish to express my appreciation to the officers and directors for their co-operation and to congratulate and thank all department heads, supervisors and personnel for their very fine effort.

Respectfully submitted,

T. V. NETHERY, P. Eng.,

General Manager.

# Production Record

Year	Tons Milled	Tons Milled Per Day	Ore Milled Per Man Shift	Ore Milled Per Ton at \$35.00	Ounces Gold Produced	Actual Mint Returns	Emergency Gold Mining Assistance	Mint Returns Plus Emergency Assistance	Gold Per Oz.	Silver Per Oz.	Operating Cost	Net Profit
1948	204,170	559	4.7	\$ 3.13	15,878	\$ 561,801	—	\$ 561,801	\$35.00	\$ .782	—	*
1949	217,304	596	4.7	3.38	18,675	688,765	\$ 54,940	743,705	36.45	.782	\$ 844,019	L-\$124,637
1950	214,610	588	4.4	4.22	23,646	902,120	181,025	1,083,145	37.90	.805	885,918	+ 166,527
1951	194,543	534	3.8	5.24	27,258	1,007,241	211,121	1,218,362	36.78	.940	960,682	+ 202,856
1952	205,497	563	3.6	7.08	50,546	1,391,540	235,388	1,626,928	34.19	.836	1,087,592	+ 430,808
1953	213,928	586	3.6	10.06	60,385	2,082,805	204,069	2,286,874	34.43	.838	1,229,406	+ 287,391
1954	216,443	593	3.6	8.94	54,707	1,865,879	292,594	2,158,473	34.05	.829	1,285,153	+ 308,039
1955	212,832	583	3.4	8.31	55,597	1,924,364	88,463	2,012,827	34.55	.882	1,353,689	+ 247,714
1956	203,756	558	3.2	7.68	43,834	1,511,053	320,576	1,831,629	34.41	.893	1,439,057	+ 31,528
1957	186,850	512	2.9	7.88	40,569	1,365,440	333,474	1,698,914	33.59	.873	1,507,547	L- 133,635
1958	215,840	591	3.4	7.32	43,256	1,471,361	429,600	1,900,961	33.95	.863	1,659,899	L- 37,101
1959	224,472	615	3.1	6.26	38,244	1,286,193	343,087	1,629,280	33.56	.883	1,825,364	L- 402,569
1960	445,585	1,217	6.4	5.44	66,086	2,254,924	343,928	2,598,852	34.05	.892	2,263,185	+ 136,780
1961	608,063	1,666	9.5	4.32	71,179	2,533,622	309,433	2,843,055	35.51	.949	2,404,274	+ 327,989

\* Change over Sladen to Barnat as at August 1st, 1948.  
L-Loss.



# Barnat

(No Personal Liability)

Incorporated under the laws of the Province of Ontario

## BALANCE SHEET

### ASSETS

		1960 for Comparison
<b>CURRENT ASSETS</b>		
Cash .....	\$ 168,428	\$ 26,712
Bullion at net realizable value .....	198,034	195,890
Short term notes at cost .....	—	49,014
Bonds at cost (quoted market value, 1961 \$105,000; 1960 \$243,100) .....	106,475	246,605
Accounts receivable .....	1,940	1,399
Receivable from an associated company .....	5,442	3,737
Amount receivable under the Emergency Gold Mining Assistance Act .....	169,686	166,237
Prepaid expenses .....	67,615	12,257
	<u>\$ 717,620</u>	<u>701,851</u>
SUPPLIES at average cost .....	53,549	52,319
SHARES IN ASSOCIATED COMPANIES at less than cost (quoted market value, 1961 \$467,000; 1960 \$453,700) .....	468,245	451,707
<b>INTEREST IN PARTLY OWNED SUBSIDIARY COMPANY (see note)</b>		
Shares at cost .....	37,500	—
Advances .....	3,133	—
	40,633	—
<b>FIXED ASSETS</b>		
Mining properties at cost less sales proceeds .....	342,245	342,245
Buildings, machinery and equipment at cost .....	\$2,588,984	2,541,113
Less accumulated depreciation .....	1,860,819	(1,773,640)
	<u>728,165</u>	<u>1,109,718</u>
	1,070,410	1,109,718
<b>DEFERRED EXPENDITURES</b>		
Shaft sinking expenditures, etc., less amount written off .....	—	58,001
Operating expenditures deferred .....	9,031	7,246
	<u>9,031</u>	<u>65,247</u>
	<u>\$2,359,488</u>	<u>\$2,380,842</u>

### AUDITORS' REPORT TO SHAREHOLDERS

We have examined the balance sheet of Barnat Mines Ltd. (No Personal Liability) as at December 31, 1961 and the statements of income and retained earnings for the year then ended and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

Toronto, Canada,  
February 19, 1962.



# Mines Ltd.

(Liability)

of the Province of Quebec

DECEMBER 31, 1961

## LIABILITIES

		1960 for Comparison
CURRENT LIABILITIES		
Accounts payable and accrued liabilities .....	\$ 109,121	\$ 104,016
Mortgage principal payable within one year .....	5,817	5,563
Payable to associated companies .....	44,978	41,754
Payable to East Malartic Mines Limited — parent company .....	84,369	81,707
Quebec mining tax .....	15,584	10,080
Debenture notes .....	—	260,275
	\$ 259,869	503,395
MORTGAGE PAYABLE, 4½%, matures October 1, 1962 .....	5,817	11,380
Less amount included in current liabilities .....	5,817	5,563
	—	5,817
SHAREHOLDERS' EQUITY		
Capital stock		
Authorized — 5,000,000 shares of \$1 each		
Issued — 3,900,000 shares .....	3,900,000	3,900,000
Less discount on shares .....	3,197,510	3,197,510
	702,490	702,490
Retained earnings .....	1,397,129	1,169,140
	2,099,619	1,871,630

### NOTE:

Consolidated financial statements have not been prepared since the subsidiary company, Macwin Mines Limited, is engaged solely in exploration and its accounts show neither profit nor loss from incorporation to December 31, 1961; all its expenditures have been deferred to future operations.

Approved on behalf of the Board:

ROBERT C. STANLEY, JR., Director.

J. GEORGE BOECKH, Director.

\$2,359,488

\$2,380,842

## THE SHAREHOLDERS

In our opinion, and according to the best of our information and the explanations given to us and as shown by the books of the company, the accompanying balance sheet and statements of income and retained earnings are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the company as at December 31, 1961 and the results of its operations for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

GUNN, ROBERTS AND CO.,  
Chartered Accountants.

# Barnat Mines Ltd.

(No Personal Liability)

## Statement of Income

For the year ended December 31, 1961

		1960 for Comparison
<b>OPERATING REVENUE</b>		
Bullion recovery .....	\$2,533,622	\$2,254,924
Assistance under the Emergency Gold Mining Assistance Act .....	309,433	343,928
	<u>2,843,055</u>	<u>2,598,852</u>
<b>OPERATING EXPENSES</b>		
Mine development .....	\$ 203,401	236,331
Mining .....	1,084,521	1,131,344
Milling .....	591,381	454,648
Ore haulage .....	119,591	84,022
Marketing expenses .....	19,683	18,887
Mine office and supervision .....	104,874	101,756
General expenses at the property .....	211,262	172,494
Administrative and corporate expenses .....	54,561	53,623
Quebec mining tax .....	15,000	10,080
	<u>2,404,274</u>	<u>2,263,185</u>
OPERATING PROFIT before providing for undernoted items .....	438,781	335,667
<b>OTHER DEDUCTIONS</b>		
Depreciation .....	107,000	146,000
Proportion of preproduction expenditures written off .....	—	56,979
Outside exploration .....	4,596	1,655
Interest on debenture notes and mortgage .....	12,640	14,212
	<u>124,236</u>	<u>218,846</u>
	314,545	116,821
<b>OTHER INCOME</b>		
Investment income .....	11,727	8,036
Profit on redemption of debenture notes .....	—	867
Profit on sale of securities .....	1,717	7,056
	<u>13,444</u>	<u>15,959</u>
	327,989	132,780
Add overprovision for income taxes, prior years .....	—	4,000
NET INCOME for the year .....	<u>\$ 327,989</u>	<u>\$ 136,780</u>

## Statement of Retained Earnings

For the year ended December 31, 1961

		1960 for Comparison
Balance January 1 .....	\$1,169,140	\$1,072,360
Net income for the year .....	327,989	136,780
	1,497,129	1,209,140
Deduct appropriation for decline in value of shares in other companies .....	100,000	40,000
Balance December 31 .....	<u>\$1,397,129</u>	<u>\$1,169,140</u>



Filling hopper of blast hole charger with ammonium nitrate and oil blasting agents prior to loading long blast holes.



Loading a ring of long holes with ammonium nitrate blasting agents — using pneumatic loader.







FOR RELEASE THURSDAY, JULY 27, 1961SIX-MONTH OPERATING PROFITINCREASES FOR BARNAT MINES

JUL 26 1961

Barnat Mines Limited reports the following operating results for the three months ended June 30, 1961 and for the six months ended June 30, 1961 in comparison with the corresponding period of 1960:

	<u>3 Months Ended</u> <u>June 30, 1961</u>	<u>Six Months Ended</u> <u>June 30, 1961</u>	<u>June 30, 1960</u>
Tons Milled - Total	146,656	284,163	199,169
Tons Milled - Average per Day	1,612	1,570	1,094
Ounces Gold Produced	17,219	35,013	29,738
Value of Production	\$602,549	\$1,220,046	\$1,009,079
Gold Mining Assistance (E.G.M.A.) (Estimated)	72,513	131,643	175,850
Operating Expenditure	577,732	1,149,589	1,074,633
Operating Profit (Before Depreciation and Taxes)	\$97,330	\$202,100	\$110,296

Authorized By:

Barnat Mines Limited

Released From:Public Relations,  
McConnell, Eastman & Co. Limited,  
234 Eglinton Ave., E., Toronto.

